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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 000619

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SUBJECT: BHUTANESE REFUGEES: AMBASSADOR VISITS CAMP, TALKS
NEAR DEADLOCK

REF: 01 KATHMANDU 2131

Classified By: Ambassador Michael E. Malinowski, Reasons 1.5 (b), (d).

1. (C) Ambassador visited three Bhutanese refugee camps in eastern Nepal March 25. Overall, the refugees expressed satisfaction with conditions in the camps, but an undercurrent of frustration was in evidence. The Refugee Affected Area Program for the region has concluded, and aid workers warned that tensions with locals could rise in the absence of additional similar programs. Talks between Nepal and Bhutan have stalled, and Post advocates engaging Bhutan to urge a timely resolution of the refugee issue. End Summary.

Camp Visit

2. (U) Nearly one year to the day after the Nepal-Bhutan joint verification process got underway, Ambassador visited Bhutanese refugee camps in Morang and Jhapa districts in eastern Nepal on March 25. After inspecting the camps at Sanischare in Morang and Beldangi I and II in Jhapa, he met with local authorities and with staff from UNHCR, WFP and their implementing partners.

Conditions Remain Good, But Frustration Evident

3. (SBU) Overall, conditions - including hygienic, nutritional and educational - in the camps remain quite good, and refugees expressed satisfaction with the camps' administration. However, John Andrew, the new head of UNHCR's Jhapa field office, commented that upon his arrival the first thing he noticed was how poorly clothed the youngest children were. New children's clothing - including material for school uniforms - had not been provided for several years. Some refugees voiced concern about the lack of opportunities for post-secondary education, funding for which has also been scarce.

4. (SBU) An undercurrent of frustration was evident in talks with the refugees, and some aid workers feared that this frustration could get out of hand. Refugee leaders have expressed concern about rumors in the camps that the refugees will have to reapply for citizenship two years after repatriation to Bhutan. The leaders were also worried that reports that Bhutan has encouraged settlers to occupy the refugees' former lands would rile camp residents.

Refugee Affected Area Program Ended

5. (SBU) Relations between refugees and locals remain "quite good," according to local officials. They acknowledged a danger that the refugees - who are not supposed to work on the local economy and thus have a lot of time on their hands - were at risk of becoming involved with the Maoists. Local officials, UN staff and NGO representatives all expressed concern that the UNHCR's Refugee Affected Area Program (RAAP) had concluded. RAAPs typically run for four years, and the RAAP associated with the Bhutanese refugees was extended for a second four-year period. Funding has now run out, and the program has been discontinued. To date, relations between the refugees and locals have been good, but this could be hard to maintain in the absence of a continued program to build good will, one UNHCR staffer judged. Considering the extreme level of poverty in the areas surrounding the refugee camps, additional inputs would be needed. In future, donors should avoid giving the impression that such relief could last a long time, the UNHCR Representative in Kathmandu admitted.

Nepal-Bhutan Talks: Deadlock Looms

6. (C) MFA Under Secretary Prahalad Prasai told us March 21 that talks with Bhutan are in "kind of a deadlock." When pressed, however, Prasai back-pedaled, insisting that a deadlock had not yet been reached. Bhutan was using "procrastination and delay tactics," and had not yet given a

reply to Nepal's request to set a date for the next round of Ministerial talks. Verification teams have gone back to their respective capitals until further notice. (Note: In Geneva, the Director of UNHCR's Asia Bureau recently met with Bhutan's Ambassador to discuss the status of the talks, the UNHCR Representative here told us.)

Comment

17. (C) The refugee camps are fertile ground for unrest and violence related either to the slowness of the joint verification process or to the Maoists insurgency. In its talks with Nepal, Bhutan has not shown a sense of urgency proportional to this risk. As we have urged before (Reftel), we continue to believe that we should engage Bhutan on this issue sooner rather than later.

MALINOWSKI